

200270 1706 CIA-RDP83
CONFIDENTIAL

The Honorable James T. Llyn, Director
Office of Management and Budget
Washington, D. C. 20503

This is in response to the request in Mr. Ash's budget allowance letter of 30 January 1975 for a report on initial efforts taken to slow the upward trend in personnel costs.

a. Advance fiscal year planning justification and goal setting by each Deputy Director on his manpower requirements, manpower utilization, planned promotions, employee development and training, and several other areas of personnel management concern;

b. A mechanism for initial review, discussion and my approval of Directorate manpower management planning and goals;

c. A mechanism for Directorate and my periodic review of progress toward goals established; and

d. Fiscal year-end audit and evaluation of each Directorate's accomplishments.

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COPIES OF THE REPORT

Our experience with these two pilot systems has proven to be most useful in evaluating our personnel requirements and improving Agency manpower resource management. Based upon results to date, modifications are currently being developed to further improve insights to our requirements and to assist allocation of our limited resources in subsequent years.

To improve our awareness of and management of all personnel costs, we have developed a single accounting and reporting system for all full-time permanent employees (staff and contract) to guide all components. Primary modifications in our data processing systems have been made and the remaining changes necessary will be completed by 1 July 1975.

In addition to the innovations cited above, to insure maximum efficiency and economy in the use of personnel within our authorized ceilings, the Office of Personnel conducts scheduled organizational and position management surveys of all Agency components on a three-year cycle. Special surveys are conducted where priorities change, when new directions in program emphasis are instituted, or where improved effectiveness through reorganization is indicated. These surveys are directed at validation, realignment or elimination of organizational structures; rejustification, reclassification or elimination of positions; and the identification of any manpower area where economies or efficiencies can be realized.

Internal controls have been imposed to maintain and, where possible, to reduce the average grade of our position structure and the number of authorized positions at grade GS-14 and above. Any upward adjustments in these areas which cannot be compensated for by decreases elsewhere must be completely justified and can be approved only by the Director of Personnel with the concurrence of the Comptroller.

Although much of the hiring of new professional employees for the Agency is at the masters and doctorate degree level,

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we do hire a number of bachelor degree level graduates at the GS-05 and GS-06 level. We will continue to make every effort to hold down entrance salaries to the maximum degree possible while maintaining a competitive position vis-a-vis private industry and other Government agencies.

Over a period of the past year or so, our internal supervisory and managerial training courses have included segments covering Management by Objectives and productivity improvement techniques. A new three-day course for mid-level managers on Management by Objectives was instituted in March 1975 and will be integrated into our "core courses" for managers. Through these and other techniques, we will continue to stress the need for improving productivity and the quality of our output.

The Employee Suggestion Program is an active and flourishing activity throughout the Agency. Early in FY 1975 we placed renewed emphasis on the Program through the publication and broad distribution of a new Agency-developed booklet. Fiscal Year 1975 shows significant increases over FY 1974 in both numbers of suggestions and resultant savings. In FY 1974, 27 suggestions provided for a savings of \$149,948, while in the first eight months of FY 1975 there have been 43 suggestions accounting for a savings of \$187,161.

As we prepare to meet Agency operating requirements in FY 1976 with a reduced ceiling, I believe it worth noting that from FY 1968 through FY 1975 the Agency has eliminated approximately 4,000 positions which represents an annual saving of more than \$60,000,000.

In closing, I wish to reaffirm our support for the President's efforts to reduce personnel costs in government. We will continue to exercise every effort to achieve maximum cost effectiveness in our personnel management.

Sincerely,

/s/ Bill

W. E. Colby
Director

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**SUBJECT: Letter to Director, OMB concerning initial efforts
taken to slow the upward trend in personnel costs**

Distribution:

Orig - Adso
1 - DCI
1 - DDCI
1 - ER
1 - Comptroller
2 - DDA
2 - DD/Pers/P&C
1 - D/Pers (w/held)

OP/P&C/ [REDACTED] lra:bkf (30 Apr 75)
Revised: DCI/NEColby/bkf (21 May 75)

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Reports to the Director of OMB

FROM: Deputy Director for Administration
7D26 Headquarters

EXTENSION

NO.

DD/A 75-0716

DATE

STATINTL

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. 19 FEB 1975
Director of Personnel
5E58 Headquarters

19 FEB 1975

2. D/Pas - In your letter, Mr. Blake suggests we are responding to OMB in regard to reducing personnel costs.

3. DD/Pas/PC

1102
D/Pas - In your letter, Mr. Blake suggests we are responding to OMB in regard to reducing personnel costs.

I signed 23 April as parallel to D/Pas. Parallel to DPA. 1 May 75 RDC

3 - Your action w. the help of others as you deem appropriate.

D/Pas signed: 25 April 1975

DD/A 75-0716

18 FEB 1975

MEMORANDUM FOR: Director of Personnel

SUBJECT : Reports to the Director of OMB

1. This Agency has received the budget allowance letter from the Director of OMB. In this letter, dated 30 January 1975, he has levied requirements upon this Agency for certain reporting. In two instances, these reporting requirements impact directly upon the Office of Personnel and I ask that you take the lead in these matters. In a discussion of personnel costs, the Director of OMB notes:


"The President has asked your help in slowing the upward trend of personnel costs. You should give special attention to use every reasonable opportunity for eliminating or downgrading vacant positions, particularly those at the GS-16, GS-17, and GS-18 levels; insuring that promotions are fully justified; hiring college graduates wherever feasible at the GS-5 entry level; eliminating unnecessary organizational layering; training employees to do work more economically and better; and encouraging employee suggestions which lead to cost reductions. The creative efforts of your managers should be enlisted to find ways to meet the President's objective of reducing personnel costs. The results of your initial efforts should be reported to this office by May 15, 1975."

2. In preparing your response, you should fully utilize those actions which have been initiated or completed which would fit into the scope of the OMB request. For example, PMCD has completed recently a review of supergrade positions. The results of this review should be noted in your report, and you should remain alert to any additional savings that can be made at these levels. You may also wish to comment on the recent action taken with regard to the supergrade contract positions. We have had recent reorganizations which can also be cited in response to the OMB request.

3. Please have your report on this subject to me by 1 May 1975.

4. I know that you have already received a memorandum from the Chairman of the Civil Service Commission on the same subject with the same due date. You may wish to respond to that request by noting that you are responding directly to OMB.

25X1A



John F. Blake
Deputy Director
for
Administration

Do/PAC

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM					
UNCLASSIFIED		CONFIDENTIAL		SECRET	
OFFICIAL ROUTING SLIP					
TO	NAME AND ADDRESS	DATE	INITIALS		
1	Deputy Director for Science and Technology	6 FEB 1975			
2	ADD S&T		Has seen		
3	EO See p 2 bottom	6 FEB 1975	(P)		
4					
5	File				
6					
ACTION		DIRECT REPLY		PREPARE REPLY	
APPROVAL		DISPATCH		RECOMMENDATION	
COMMENT		FILE		RETURN	
CONCURRENCE		INFORMATION		SIGNATURE	
Remarks:					
<p>Attached for your information is a copy of the budget allowance letter from the Director, OMB, to the DCI. The DDA and the General Counsel have been asked to produce the required reports. You may want to furnish some input to the DDA for his preparation of the personnel cost report.</p>					
FOLD HERE TO RETURN TO SENDER					
FROM:		PHONE NO.		DATE	
Is				FEB 1975	
Acting Comptroller					
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year's budget process as required to make account of certain developments now unforeseen; for example, the outcome of this year's legislative action, later and more accurate statistics, more informed appraisals of workload, and other changes in the external environment. The budgetary guidance for CIA for these out-years is as follows (in millions):



25X9

The President expects you to develop plans for the operation of CIA in such a way that your budgets for these years will be held within these totals.

The 1976 end-of-year and transition period ceiling on staff and contract employment established by the President for the Central Intelligence Agency is [redacted] The progress you have achieved in making your employment reporting system more closely parallel that of other Federal government agencies is to be commended. Through the use of this standard, I believe we can better evaluate the requirements for agency personnel. I trust that you will continue to move in the direction of conformity with the employment reporting practices of other Federal government agencies. If additional positions are to be required in CIA because of unexpected growth in the volume of your reimbursable activities or a transfer of function, you will arrange with those other agencies to reduce their employment ceilings by a number at least equal to the increase needed in your ceiling. Requests for adjustments from both agencies must be submitted concurrently to the Office of Management and Budget for approval.

The President has asked your help in slowing the upward trend of personnel costs. You should give special attention to use every reasonable opportunity for eliminating or downgrading vacant positions, particularly those at the GS-16, GS-17, and GS-18 levels; insuring that promotions are fully justified; hiring college graduates wherever feasible at the GS-5 entry level; eliminating unnecessary organizational layering; training employees to do work more economically and better; and

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encouraging employee suggestions which lead to cost reductions. The creative efforts of your managers should be enlisted to find ways to meet the President's objective of reducing personnel costs. The results of your initial efforts should be reported to this office by May 15, 1975.

Your proposed legislative program includes amendments to the National Security Act of 1947 to protect sources and methods. As you are aware, clearance on your proposed amendments to the National Security Act has been in abeyance pending resolution of differences between the views of the CIA and those of the Department of Justice. We understand that your staff and the staff of the Department of Justice have been discussing these differences since April of last year. You should provide this office by April 1, 1975, with a written report on the status of these discussions and any outstanding issues.

In addition, your legislative program proposes amendments to the CIA Retirement Act. We believe that a full review should be given at this time to the desirability of merging the CIA Retirement and Disability System with that of the Civil Service Retirement and Disability System. The difficulties inherent in providing for the unfunded liability in this essentially "off budget" system and the continuing requirement to update the authorizing legislation to parallel changes in the Civil Service Retirement and Disability System argue for a merger. By April 1, 1975, you should also provide this office with a report as to your recommendations for solutions to these problems. The report should indicate the difficulties that might arise from a merger and possible legislative or administrative solutions.

For your reference, enclosed are copies of the letters which I have transmitted to Chairmen McClellan and Mahon of the Senate and House Appropriations Committees informing them of the amounts for the Central Intelligence Agency included in the President's budget estimates.

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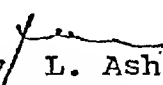
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The President expects each agency official to support actively the budget amounts set forth in this letter and its enclosures. This support should be given in testimony before congressional committees and in informal contacts with members of Congress and their staffs.

Sincerely,


Roy L. Ash
Director

Enclosures

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The Honorable James T. Lynn, Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to the request in ^{Mr.}~~Rey~~ Ash's budget allowance letter of 30 January 1975 for a report by 15 May 1975 on initial efforts taken to slow the upward trend in personnel costs.

As regards adjustments in our employment reporting system, policy definitions and procedural arrangements for the transition to a single accounting and reporting system for all employees (staff and contract) have been accomplished and officially publicized to guide all components. Primary modifications in our data processing systems have been made to accommodate requirements of our fiscal activities and security considerations, and the remaining changes necessary to support personnel management activities will be completed by 1 July 1975.

In Fiscal Year 1973, as adjuncts to our Management by Objectives approach to resource management, we instituted two pilot personnel management and accountability systems (the Annual Personnel Plan and the Personnel Development Program) which are designed and formatted to simultaneously provide:

a. Advance fiscal year planning justification and goal setting by each Deputy Director on his manpower requirements, manpower utilization, planned promotions, employee

development and training and several other areas of personnel management concern;

b. A mechanism for initial review, discussion and my approval of Directorate manpower management planning and goals;

c. A mechanism for Directorate and my periodic review of progress toward goals established, and

d. Fiscal yearend audit and evaluation of each Directorate's accomplishments.

Our experience with these two pilot systems have proven to be most useful in evaluating our personnel requirements and improving Agency manpower resource management. Based upon results to date, modifications are currently being developed to further improve insights to our requirements and to assist allocation of our limited resources in subsequent years.

In addition to the initiations cited above as related to the Agency's continuing manpower resource management program to insure maximum efficiency and economy in the use of our personnel within our authorized ceilings, the Office of Personnel conducts scheduled organizational and position management surveys of all Agency components on a three-year cycle. Special surveys are conducted where priorities change, when new directions in program emphasis are instituted or where improved effectiveness through reorganization is indicated. These surveys are directed at validation, realignment or elimination of organizational structures; rejustification, reclassification or elimination of positions,

and the identification of any manpower area where economies or efficiencies can be realized. Major reorganizations were instituted in early FY 1974 whereby the essentially technical services of the National Photographic Interpretation Center and the Office of Technical Support were transferred from the DDI and DDO respectively to the Science and Technology Directorate. In ~~February~~ ^{mid-FY 74} ~~1975~~ action was taken to transfer R and D elements of the Office of Communications (DDA) to the Office of Development and Engineering (DDS&T). In March 1975, the separate ~~Mail and Courier~~ ^{Mail and Courier} Services elements of the DDI and NPIC were placed under the jurisdiction of the Central Mail and Courier ~~Unit~~ ^{Unit} of the DDA.

Internal controls have been imposed to maintain and, where possible, to reduce the average grade of our position structure and the number of authorized positions at grade GS-14 and above. Any upward adjustments in these areas which cannot be compensated for by decreases elsewhere must be completely justified and can be approved only by the Director of Personnel with the concurrence of the Comptroller.

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As we prepare to meet Agency operating requirements in FY 1976 with a reduced ceiling, I believe it worth noting that from FY 1968 through FY 1975 the Agency has eliminated some 4,000 positions which represents an annual saving of more than \$60,000,000.

In closing I wish to reaffirm our support for the President's efforts to reduce personnel costs in government. We will continue to exercise every effort to achieve maximum cost effectiveness in our personnel management.

Sincerely yours,

W. E. Colby
Director

Do/psc

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED	CONFIDENTIAL	SECRET	
OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Deputy Director for Science and Technology <i>6</i>	FEB 1975	
2	<i>ADD S&T</i>	<i>Has seen</i>	<i>SS</i>
3	<i>EO sec p 2 bottom</i>	FEB 1975	<i>(P)</i>
4			
5	<i>File</i>		
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
Remarks:			
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<i>Comptroller</i>		FEB 1975	
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[REDACTED]

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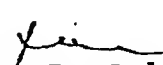
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Roy L. Ash
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